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E.O. 11652:GDS

TAGS:PFOR, PN

SUBJECT: U.S.-PANAMA TREATY NEGOTIATIONS: WEEKLY ACTIVITIES REPORT - JUNE 25 - JULY 1

1. NEGOTIATIONS. THE PANAMANIAN NEGOTIATORS INFORMED AMBASSADORS BUNKER AND LINOWITZ JULY 1 THAT THEY WOULD AGAIN BE RETURNING TO PANAMA FOR CONSULTATIONS AND EXPECT TO BE BACK IN WASHINGTON TO RESUME THE NEGOTIATIONS JULY 11. DURING THE WEEK THE NEGOTIATING TEAMS HELD TWO FORMAL MEETINGS. THE ECONOMIC PACKAGE AND SEVERAL TECHNICAL CONFIDENTIAL

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MATTERS WERE THE MAJOR SUBJECTS OF DISCUSSION. THE CHIEF NEGOTIATORS ALSO HAD AN INFORMAL LUNCHEON. IN ADDITION, THE PANAMANIAN NEGOTIATORS, INCLUDING MINISTER FOR ECONOMIC DEVELOPMENT AND PLANNING NICHOLAS BARLETTA, MET WITH A HIGH LEVEL U.S. ECONOMIC TEAM TO EXPLAIN PANAMANIAN DEVELOPMENT PLANS. THE LABOR SUBGROUP ALSO HELD ONE MEETING.

- 2. PRESIDENT PEREZ VISIT. AMBASSADORS BUNKER AND LINOWITZ MET WITH VENEZUELAN PRESIDENT PEREZ DURING THE PRESIDENT'S FORMAL STATE VISIT. THIS WAS A FOLLOW UP TO THE AMBASSADORS MARCH TRIP TO CARACAS. PRIOR TO DEPARTING FOR WASHINGTON, PRESIDENT PEREZ HAD RECEIVED A BRIEFING ON THE NEGOTIATIONS FROM GENERAL TORRIJOS.
- 3. CONGRESSIONAL CONSULTATIONS. ON JUNE 30 AMBASSADORS BUNKER AND LINOWITZ, ACCOMPANIED BY JCS CHAIRMAN BROWN, PARTICIPATED IN THE THIRD OF A SERIES OF SENATE BRIEFINGS ON THE CANAL NEGOTIATIONS ARRANGED BY MAJORITY LEADER BYRD AND MAJORITY WHIP CRANSTON. SENATORS PRESENT BESIDES BYRD AND CRANSTON WERE CHILES, CHURCH, DOMENICI, HATCH, HEINZ, HUDDLESTON, JOHNSTON, AND MORGAN.
- 4. REP. MURPHY ASSAILS TREATY NEGOTIATIONS. IN A JUNE 30 FLOOR STATEMENT REP. JOHN MURPHY, CHAIRMAN OF THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE, REFERRING TO REPORTS THAT A NEW CANAL TREATY WOULD BE SENT TO THE SENATE IN EARLY AUGUST, URGED MEMBERS TO JOIN HIM IN SPONSORING A RESOLUTION CALLING FOR THE RETENTION OF U.S. SOVEREIGN RIGHTS IN THE CANAL ZONE. MURPHY LISTED 24 HOUSE MEMBERS WHO HAD ALREADY AGREED TO CO-SPONSOR HIS RESOLUTION. HE ALSO INSERTED INTO THE RECORD A LETTER TO THE PRESIDENT FROM FOUR FORMER CHIEFS OF NAVAL OPERATIONS (ADMIRALS MOORER, BURKE, ANDERSON, AND CARNEY) OPPOSING A CONFIDENTIAL

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NEW CANAL TREATY.

- 5. ROSENBAUM CASE. AS PART OF SERIES ON CONTINUING ABUSE OF DIPLOMATIC IMMUNITY IN WASHINGTON, THE WASHINGTON STAR GAVE PROMINENT PLAY TO CASE OF DR. HALLA BROWN (MRS. ROSENBAUM) WHO WAS LEFT A PARIPLEGIC AS A RESULT OF ACCIDENT INVOLVING AUTO DRIVEN BY PANAMANIAN DIPLOMAT, WHO SUBSEQUENTLY LEFT COUNTRY UNDER DIPLOMATIC STATUS. AS RESULT OF THIS ARTICLE SENATOR SCHWEIKER ANNOUNCED INTENTION TO INTRODUCE AMENDMENT TO FOREIGN ASSISTANCE ACT TO PREVENT PANAMA'S RECEIPT OF SECURITY ASSISTANCE. SUBSEQUENT POST STORY CITED STATEMENT BY ROSENBAUMS TO EFFECT THAT THEY DO NOT WISH THEIR CASE TO BECOME INTERNATIONAL POLITICAL ISSUE.
- 6. MEDIA COVERAGE. PRESS COVERAGE OF PANAMA AND THE TREATY NEGOTIATIONS WAS MORE EXTENSIVE THIS WEEK THAN IT HAS BEEN IN RECENT PAST. WASHINGTON POST GAVE MAJOR COVERAGE TO PRESIDENT CARTER'S PRESS CONFERENCE STATEMENT EXPRESSING HOPE FOR NEW CANAL TREATY THIS SUMMER. NEWSWEEK, IN CURRENT ISSUE, HAS PESSIMISTIC FULL-PAGE ARTICLE STATING TREATY SUPPORTERS FACING DIFFICULT

BATTLE AND THAT ADMINISTRATION CANNOT COUNT ON MORE THAN 30 FAVORABLE VOTES IN THE SENATE. NEWSWEEK CONCLUDED THAT THE CANAL ISSUE WILL BE A MAJOR TEST OF PRESIDENT CARTER'S POLITICAL SKILL.

7. SPEECHES. AMBASSADOR LINOWITZ MADE TWO MAJOR SPEECHES THIS WEEK CONCERNING NEGOTIATIONS. HE FIRST SPOKE TO THE MEMBERSHIP MEETING OF COUNCIL OF THE AMERICAS (AUDIENCE APPROXIMATELY 250).GROUP CONSISTED OF TOP EXECUTIVES OF CORPORATIONS DOING BUSINESS IN LATIN AMERICA. HE NEXT ADDRESSED GROUP OF TOP MEDIA EXECUTIVES FROM 29 STATES AND CANADA (AUDIENCE MORE THAN 300). REACTION TO BOTH APPEARANCES WAS HIGHLY FAVORABLE TO NEW TREATY. CHRISTOPHER

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